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Marketing Strategies of Selling Electronic Books in China

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(Abstract) The digital revolution continues to change industries, operational practices, human perceptions, life-long traditions, and even cultural symbols worldwide. The expansion of the internet has brought about more change in Chinese society than that in anywhere else, and practically every recent business innovation in China has emerged online. The reason for that is threefold. Though society is still very much closed to any internal socioeconomic shift, the entrepreneurial spirit can be quite freely exercised online, outside of the “approved” archaic social structures. Moreover, online content offers a free ride for everyone. Further, users can instantaneously access, enjoy, and share anything they want. The article reviews new trends in book distribution in China based upon observational studies, surveys and interviews conducted mainly in Beijing and Shanghai. Available Western literature does not track trends in China’s publishing.

Keywords: Electronic Books; Online Sales; Book Industry; China; Competition.

A good example of recent developments is the evolution of the book-reading habit among Chinese under 30 years of age. Members of this group are increasingly receiving information from the worldwide web via phones, laptops, and tablet computers rather than from traditional print media and books. The growing demand for information has energized online book distribution and created a digital publishing industry whose swift explosion in China’s closed society no one could have predicted. Because China is so populous, market trends in electronic book retailing should be closely monitored on account of their significant impact on global reading preferences. This paper addresses that issue by 1) exploring the rivalry and other factors that influence online book-marketing strategies, 2) evaluating the effectiveness of existing online marketing-mix portfolios, and 3) analyzing the market positioning of e-books and e-readers as a source of further digital content expansion in China.

Let us begin by identifying the country’s major players in online book distribution. The Chinese online bookselling industry emerged in 1999 in Beijing when Dangdang Inc. was founded and introduced to the market by Peggy Yu and Li Guoqing as an online B-2-C arrangement. For a long time, the company acted as a market pioneer by attracting readers’ attention to a new way of exploring, selecting, and buying books. The company offers an extensive book title catalogue along with satisfactory customer service. During the past decade, Dangdang gained a respectable market share and an excellent business reputation. It has been unofficially called “China’s Amazon”. Now, besides books, Dangdang.com is offering a broad variety of other products, including compact discs, DVDs, beauty and personal care products, home and lifestyle items, baby, children’s, and maternity products, apparel, and various digital and electronic gadgets. Dangdang.com has become the first choice for many Chinese customers seeking to purchase books online, and it is especially popular in the academic community and among university students. Currently

Dangdang.com is considering new opportunities, updating online strategies, and expanding the scope of market coverage by capitalizing on its strategic advantages and trying to keep up with the growing industry competition. In late December 2011, the company introduced e-books by offering more than 50,000 digital titles from 200 publishers in an attempt to reach 200 million online Chinese customers who read primarily on their smartphones and tablet computers.

Lately, another player—the traditional online retailer Jindong.com (a.k.a. 360Buy.com)—has joined the Chinese online book-selling industry, and it has rapidly gained more than 20% of the total book sales in China in a shorter period of time. This ambitious online retailer has engaged in rapid expansion since its foundation in 2008. Jindong.com, basically an online mall, initially centered its business on sales of household appliances. In November 2011, the company moved into the online book market and declared commercial war on Dangdang.com. Though Jindong.com cannot yet be compared to Dangdang.com in terms of the selection of book titles, it frequently employs a more aggressive promotion strategy and puts significant price pressure on Dangdang.com. Jindong.com recently began accepting credit card payments in Beijing, Shanghai, and Guangzhou, and this step has advanced Chinese traditional payment methods in the retail industry and created positive buzz among customers. The vicious competition provoked by Jindong.com has negatively affected Dangdang.com’s sales, and has usually produced immediate market counteractions in a back-and-forth battle. For instance, when Jindong.com cuts the price of certain book titles by a small percentage, Dangdang.com lowers its own price in response, and then Jindong.com is forced to make even deeper price cuts. Dangdang.com follows with further reductions, and the price game keeps going until one of the rivals withdraws. Jindong.com is preparing to offer 80,000 e-book titles this year. The company president, Yi Wenfei, has optimistically

announced that e-book sales are expected to surpass printed book sales in China in the next three to five years.¹

Other, still-struggling, online book sellers are *joyo.com*, owned by *Amazon.com*, and *99read.com*, which is targeting a niche online market for more specialized books. *Joyo.com*, a big online bookstore, offers products and services similar to those available at *Dangdang.com*. Both companies have been engaged in close competition during the past 10 years. Joyo is a subsidiary of Amazon.com, Inc., and it offers a variety of foreign books not easily found on *Dangdang.com*. Many customers who turn to *joyo.com* to purchase books online can hardly differentiate *joyo.com* from *Dangdang.com*, as our survey showed. Amazon in general is a growing potential threat to Dangdang because the U.S. company is currently implementing a substantial operational overhaul in many strategic directions, in pursuit of further successful expansion in China. Amazon's outstanding performance in electronic book retailing worldwide may also set up a market barrier to the upcoming e-book expansion strategy designed by Dangdang.

As a result, the Chinese online book market is becoming more saturated and competitive than any other in Asia. *Dangdang.com* has 600,000 book titles to offer, and *joyo.com*, 500,000, while *Jindong.com* offers a still-impressive total of 200,000.² All three of these major companies are in different stages of adding e-books to their online offerings, and are preparing their customers for the switch to the electronic book format in the very near future. Since product diversification in the industry is limited to book availability, selection, price, and affordable e-reading technology, online marketing is increasingly becoming a significant practical tool for generating successful sales and introducing e-books as a viable alternative to paper book sales.

According to a report by China's e-commerce research center, the number of national B-2-C and C-2-C online commercial companies has increased by 58.6%, now totaling 15,800 enterprises, and it continues to grow rapidly.³ Some companies, more comfortable with competition, are successfully increasing their already-impressive market shares. The report suggests that *Dangdang.com* holds a 25.9% market share of B-2-C online retailing, followed by *Jindong.com*'s solid 22.5% and *joyo.com*'s 14.7%. In addition to those two B-2-C online retailers, Dangdang also feels competitive pressure from another source: C-2-C online retailer Taobao (an equivalent of the U.S. e-Bay). Thousands of sellers open up bookstores there, based on the auction-type online platform provided, and this pushes the price competition among industry players to another extreme.

According to the report, with further proliferation of mobile phones and personal computers/tablets, as well as growing acceptance of the online business model, more and more customers prefer buying books electronically. Statistics show that last year there were 158 million online customers, and that number is expected to increase to 233

million in 2012.⁴ On the supply side, a variety of domestic companies and individuals are targeting the vast potential of the online marketplace, and some of them are considering starting new online bookstores by themselves. The relatively low threshold of entry into this industry enables any potential company to acquire a share of the market, and for many companies the goal is not only to enter but also to build a sustainable competitive advantage in the industry. It took 10 years for the current online book leader, *Dangdang.com*, to grow from a novice to a market front-runner, earn a superior reputation, and build a large group of loyal customers. Dangdang has the capability to sustain its status and grow even bigger through its ongoing marketing efforts to offer better products, prices, services, and experiences to both existing customers and still-curious potential purchasers.

Another factor here is the Chinese customers' growing curiosity about e-books and e-reading technology. Despite the availability of many big physical book stores (such as the well-known *Xinhua*) with their large in-store selection of various book categories, the e-book business is continuing to attract attention and gain popularity, especially among young, educated Chinese. In China, with its widespread digital piracy and pricy e-book readers, the e-book market is still in its infancy, though the idea of book digitalization has been in existence since the last decade, when the country's government began to develop its first national digital library. "Pay for reading" on PCs, mobile reading on phones, and special reading devices (e-readers) are relatively new developments in the country. In 2001, with some additions made in 2006, Chinese copyright law recognized the right of communication of information on a network, which serves as the legal foundation for intellectual property protection of e-books. Many customers, however, still read pirated copies online and do not recognize them as intellectual products that they must pay for.

With the wide popularity of iPhones/iPads, Android-based smartphones, various laptops, and local e-readers made by Hanwang Technology Co. Ltd., the electronic format is becoming a major substitute for existing physical book copies. Shanda Literature, a division of Shanda Interactive Entertainment Ltd. (a Chinese gaming company), controls most of the country's online fiction market. It has its own online sales platform, the Cloudary, and does not sell non-fiction book categories. The company offers subscriptions by chapter or book for a week or a month for as little as 5 yuan (\$0.80), in comparison with the 30 yuan (\$4.80) normally charged for an average printed book. The Chinese Academy of Press and Publication stated that 613 million people between the ages of 18 and 70 read electronic books in 2010: 18% of them via mobile phones, 18% on the internet, and 3.9% on e-book readers. Only 16.4% of electronic book consumers expressed a desire to buy a paper book after reading its electronic version.⁵ This statistic suggests the presence of a serious threat to paper-book publishers in the near future.

¹China Daily, December 22, 2011.

²http://news.163.com/10/1110/15/6L4V5IA300014JB5_2.html

³2010 年中国电子商务市场监测报告 (2010 China's e-commerce market monitoring report confirmed by Analysis International)

⁴2010 年中国电子商务市场监测报告 (2010 China's e-commerce market monitoring report)

⁵Xinhuanet.com, April 22, 2011.

Thus far, the volume of e-book purchases is small, the book selection is limited and often dated, and both the number of titles available and customer demand are relatively modest. Dangdang took a risk and launched its e-book invasion along the lines of Amazon's way of doing business in the United States. The rivals are adding e-books to the existing line of products for sale, and this new market segment presents an even more competitive challenge to the book retailing industry. If Dangdang fails in its attempt, the result will be a serious setback for the company, possibly triggering a loss of customers and a decline in its overall book sales. According to our research, more than 30% of the online book store customers in China are willing to try electronic books, and this statistic points to a growing potential for selling e-books in the coming years. Before Dangdang emerged, only *Joyo.com* was known for selling e-books online, with mixed and rather modest results.⁶

Building customer loyalty should become an essential part of Dangdang's marketing strategy, because online shoppers can exert strong bargaining power to push for continuously lower prices, and they show strong sensitivity regarding price fluctuation. The internet allows customers to choose another online bookstore if their need or wish cannot be satisfied on *Dangdang.com*. Comparative shopping online gives buyers free, easy access to information relevant to their purchasing decision, and they can examine every aspect of the customer service offered, including payment method, delivery time, and return policies. There is also a possibility that a potential customer will find a book's electronic version and decide to log off the Dangdang website if this title is not yet available for purchase as a physical book. Because unlimited customer choices and wide availability of the same book inventory make online book retailing extremely competitive, Dangdang is driven to continuously improve its selection of book offerings and the availability of additional services, and to focus on low prices in order to retain buyers.

Purchase volume is another important factor in determining the company's survival strategy and profitability. To afford a low profit margin, Dangdang must retain a great number of customers and establish truly committed relationships with them. If there is no significant price differentiation or exclusivity among publishers, the only sustainable strategy is to diversify customer service, increase overall site appeal and usability, and pay special attention to book delivery options.

Well aware that book selection and customer service are key factors affecting a bookseller's operations on a daily basis, Dangdang has established and maintained close relationships with hundreds of publishers. As a giant of online retailing, Dangdang works with more than 3,000 suppliers and has access to 300,000 book titles at the lowest wholesale prices.⁷ The publishing industry in China is highly fragmented: The country has 580 state-owned publishing houses generating \$7 billion annually,⁸ and low profit margin is an industry norm. Authors are practically excluded from sharing in the online revenues, especially with regard to the new e-book segment. There are no strong

publishers' associations in place to effectively resist the obvious dictatorship of the distributors. Mutually beneficial industry relationships help Dangdang keep its price advantage. Small bookstores often take eight months to reimburse their book suppliers, so Dangdang's four-month payment cycle forces publishers into close cooperation with the company and ultimately allows the company to sell books at a retail discount of up to 40%. With regard to distribution, Dangdang has adopted the third-party logistics model, which entails collaboration with a handful of shipping companies in many cities countrywide. Fast service and convenience are key considerations for customers in making their final purchasing decisions. Customers can track the books they purchased online, and most of the time the items arrive from Dangdang on time and in perfect condition.

As the largest Chinese online bookstore, Dangdang provides tremendous coverage of all categories from bestsellers to textbooks to meet the diverse needs of a large number of customers, thanks to its expansive and well-organized online platform. Dangdang, with its abundant library of book titles, covers almost 90% of the demand for book titles available in mainland China. In addition, it sells hundreds of thousands of audio and video products. Dangdang has 10 large logistics centers in six urban areas and a 100,000-square-meter warehouse.⁹ The extensive warehousing capacity and huge stock volume ensure the immediate availability of all types of books for sale. Often, customers browsing *Dangdang.com* and *joyo.com* find that they can purchase their selected item only from Dangdang, because *joyo.com* so frequently reports that the book is out of stock or has not yet arrived at the warehouse.

The *Dangdang.com* site displays clearly presented visual information with well-organized modules. Division of the books into logical categories allows customers to easily locate the book of their choice. Though many online retailers also provide a list of categories, Dangdang offers a more detailed one. Besides traditional classification based on book title, there is a list of titles according to author, which allows customers to preview, with just a few clicks, all the books written by a particular author. Once a buyer locates a book, Dangdang offers additional information about it, including a summary, a free demo of part of a selected chapter, media references, and customer reviews. In addition to the information pertaining to a given book, Dangdang also offers a "bundle" package of related materials with an extra discount. The site also has a "similar book titles" section based on search history, which induces people to stay longer at the site and consider making additional purchases.

Dangdang facilitates a variety of payment methods. Customers can choose among widely popular electronic payments, the traditional way of mail remittance, and bank transfers, or request a "cash on delivery" option that caters to Chinese consumers' retail tradition of paying after the merchandise is received. Dangdang, seeking to improve its after-sale service, has developed a smart return and refund policy. If consumers are dissatisfied with the book or discover a quality problem, they have the right to ask for a

⁶ <http://www.techweb.com.cn/news/2011-01-14/745435.shtml>

⁷ <http://wenku.baidu.com/view/1d18453510661ed9ad51f33c.html>

⁸ The East is Read: The Internet is Changing Chinese Literature. In: The Economist, 2012, March 10th, P. 56.

⁹ <http://finance.ifeng.com/usstock/realtime/20110411/3848955.shtml>

full refund within seven days. In some big cities, Dangdang even offers convenient door-to-door pick-up service for returns.

How does this effort compare with that of the competition? *Jingdong.com* offers 200,000 book titles online in fewer than 41 categories. The selection is large enough to satisfy most readers' needs. All the books are very low-priced, which is attractive to customers. All the books can be zoomed into close-up to reveal details, as in some Western online book stores. Customers can read demo excerpts from the books to help them make the right choice. *Jingdong.com* provides three unique-for-China online book retailing features. One, a list of the 50 most popular book titles for the current year, helps customers select books by popularity. The second feature is a "book pre-sale" opportunity. *Jingdong.com* has contracts with some renowned publishers and authors for exclusive distribution of their books, and offers consumers a chance to reserve these books online. That helps attract the attention of fans of certain authors. The third feature, a "10 best books of the month list," cultivates site loyalty and generates repeat purchases among existing customers. These features offer additional convenience for buyers and create the atmosphere of an online "book club" to improve customer retention.

Price is a key competitive advantage for online bookstores. Dangdang uses an Everyday Low Price (EDLP) strategy and enables customers to save up to 50% of the list price. Seeking to retain customers, Dangdang has adopted an "automatic parity system" that guarantees the lowest price of a book available anywhere online. Once the system discovers a certain book sold elsewhere more cheaply than on Dangdang, the price automatically adjusts to a lower point. At the same time, Dangdang may automatically raise the price of another, less popular, book for the purpose of "compensation." The EDLP strategy has kept Dangdang in a leading market position for all of the last decade. The low price helps retain existing customers and attract a large number of new buyers; the large customer pool ensures a relatively short period of capital turnover and provides an impressive cash flow for the company. Taking advantage of the economy-of-scale effect, Dangdang could continue offering discounts and keeping low price points. Dangdang has created a model that benefits both buyers and publishers, but the fierce and sometimes cut-throat competition in the industry makes it hard for the company to maintain super-low prices at all times, and generally this might not even be a recommended sales approach.

Thanks to a well-developed logistics system, a direct competitor, *Jingdong.com*, can afford to lower its prices as well. The average discount on *Jingdong.com* is about 58% of the list price. According to our research, around 50% of the customers are convinced that *Jingdong.com* has the cheapest books available online. Besides the well-run logistics, low prices are gradually becoming a main attraction for customers. The company exercises a "smart pricing strategy." *Jingdong.com* always prices popular books below the average level, as Chinese customers are very sensitive to price. As for books that are not top sellers, *Jingdong.com* values them above an average price point, on the assumption that buyers have other motives for buying them. This strategy can help *Jingdong.com* promote the

impression that its prices are very competitive, and at the same time the company can become more profitable by successfully selling relatively higher-profit-margin books.

It is well known that price competition alone cannot win customers forever. They easily get used to low prices and expect even further, deeper discounts. Price should be viewed as part of an overall, integrated marketing communication strategy, a part that has not yet been consistently developed by any of the Chinese online booksellers. Even bigger problems will arise when e-book sales finally pick up. Pirated book copies are free and easily available in China. According to the China E-book Market Development Report, 95% of China's digital readers download unauthorized works from the web.¹⁰ How does a company sell a book when a free, illegal copy of it is available? In the Chinese luxury-goods market, there is a proven shift of customer mentality toward purchase of authentic products versus knock-off goods. But it took over a decade for the industry to build this attitude, by continuously educating customers about the value of the brands, the quality of the products, and the entire "luxury experience." In the digital-products industry, education is even more important because the quality of illegal copies is the same, and there is no luxury "feel" that could be developed.

Customers willing to pay for an e-book format expect a price as low as 30 to 50% of the physical book price. Thus far, actual e-book prices vary greatly: from 90 yuan (\$14) per book on *Amazon.cn* to about 30-50 yuan for a novel, often with a discount of 20 to 40%, while less-popular fiction books go for 10-15 yuan (on Dangdang). A customer can find an e-book for as little as 5 yuan (discounted from the original price, up to 90%). In addition, popular books do not go into e-format immediately. The e-books now available are mostly classics or easy reading entertainment from the past, rather than current popular fiction. This brings up the question of what type of reading should be selected first for e-format distribution.

The prices of e-readers vary as well. The new Dangdang reader costs 499 yuan (\$78.70). Amazon's Kindle (not yet offered directly by *Amazon.cn*) is available on the Chinese gray market at 500 to 2,000 yuan. Most popular are the Hanwang readers, made by Hanwang Science & Technology Co. Ltd. (the maker of 60% of all the e-book readers in China, with sales of more than 10 million units in 2010),¹¹ which are priced at 500 to 3,000 yuan. The cheapest, bare-bones readers, Aigo (Beijing Huaqi Information Digital Technology Co. Ltd.)¹² and Newsmy (Beijing Newsmy Ideal Digital Technology Co., Ltd.) cost between 300 and 400 yuan. According to our observations in Shanghai, the first Chinese e-reader shoppers are not exactly price-sensitive; they can easily pay 700 yuan and more. At this time they are looking for better content and mainly exercising their product curiosity. Meanwhile, most potential Chinese buyers are taking a wait-and-see attitude toward e-book purchases. And overpriced e-readers do not help them decide more quickly how they prefer to read.

¹⁰Du8.com.

¹¹www.eguan.cn and www.enfodessk.com (China e-reader market share 2011 Q3)

¹²China Daily, August 13, 2010.

Tablet computers and especially the popular iPads (the cheapest one costs 2,888 yuan) entered the market slightly later than e-readers. Because those devices have more sophisticated features, many Chinese consumers by-passed e-readers completely, and switched from reading books on mobile phones and laptops to reading them on tablets. This situation may eventually turn e-readers into a niche market and further the efforts of the many new foreign companies (Hewlett-Packard Development Company, Dell Inc., and Lenovo Group) now offering more tablets to the Chinese market. Analysis International estimates that customers bought 1 million e-readers versus 4.5 million tablet PCs in 2010.¹³ Apparently, sluggish sales for e-readers vs. tablets has become a market trend at a time when e-book selection is still very limited and dated, as we observed when surveying customers.

The previous section of this paper focused on book availability and online customer service; now it is time for specific discussion of online book delivery. "Click your mouse and get the goods" is a perfect formula for the online shopping experience. Regardless of distance, weather, or other physical barriers, most people can easily get online and order what they want on a 24/7 basis. But whether the purchase arrives on time depends on many circumstances. As the owner of an advanced and effective logistics management system, Dangdang has put great effort into shortening the shipping time. The time of distribution varies according to the proximity of the destination, but delivery time normally does not exceed five days. In a handful of urban areas, the delivery time is shortened to two or three days. In major cities, Dangdang has launched an "order today - receive tomorrow" program enabling customers to receive a book within just one day. Close cooperation with suppliers and availability of large warehouses located in major urban areas are key advantages that facilitate expedited delivery. Advanced supply chain management is another essential, and very expensive, part of online distribution. Customers will never remain satisfied with the current delivery time, so Dangdang is still seeking ways to improve logistic efficiency. Dangdang also provides a payment-on-delivery option and accommodates door-to-door return, which gives customers a much more convenient shopping experience.

In summer 2007, *Jingdong.com* established three big logistics operations in Beijing, Shanghai, and Guangzhou, with warehouses totaling more than 50,000 square miles in area. Since then, the amount of money invested by *Jingdong.com* in improving its logistics system has increased significantly. In 2010 alone, *Jingdong.com* invested \$15 million in building its warehousing system. Additionally, *Jingdong.com* owns its transportation system. Since March 2010, *Jingdong.com* has promised that in big cities such as Beijing and Shanghai, shipping time is reduced to less than 20 hours. That definitely helps to support the image of the "fastest delivery company" among customers.

With regard to online book promotional efforts, Dangdang conducts impressive, memorable, and diversified sales promotion on a regular basis. Based on our observations and on information collected from

Dangdang.com, various types of promotion are in place. First, Dangdang clearly labels every book with the list price, the Dangdang online price, the discount rate, and the amount saved by the customer on each purchase. That presents a transparent way of understanding purchase price-value benefit. Additionally, Dangdang offers preferential discounts for group/volume purchases. Second, each day Dangdang selects some books as "special offers," charging a low price valid for a limited time period. This promotional approach is conducive to more frequent browsing of Dangdang's website and also increases potential sales volume. Third, Dangdang offers a platform for bargain sales, with a great number of books offered at a discount of 60 to 80%, thus satisfying the needs of budget shoppers.

Dangdang pays close attention to developing a two-way communication channel with customers. Interactive columns such as "Media reviews by Dangdang" and "I want to review" offer a place for media and customers to provide feedback about corporate sales efforts. Dangdang places its advertisements on many popular websites to improve brand awareness and enhance the brand-recognition effect. But the most important and cost-effective way of broadening recognition is a word-of-mouth strategy encouraging customers to talk to their friends. Good management of customer relations enables Dangdang to promote its brand at the lowest cost and achieve the best customer retention numbers in the Chinese book retail industry.

In the meantime, *Jingdong.com* is advertising differently and mainly through two types of venues: the internet and student campuses. *Jingdong.com* posts its links on many websites such as *renren.com* (the Chinese version of Facebook), so that potential customers can notice them when they are socializing there. On campuses, *Jingdong.com* posts its advertisements on bulletin boards or sends advertising leaflets to each student dormitory. On other occasions, the company places ads on the walls of bus stations and on business-district billboards; however, our research indicates that customers in Shanghai seldom view advertisements for *Jingdong.com* or do not remember them.

Jingdong.com also does frequent sales promotions, around three to five times a month, and often promotes books with different themes that encourage customers to visit *Jingdong.com* more frequently. *Jingdong.com* has set up the "Jingdong community," a social media portal where people can discuss books and their buying experiences. It has attracted many visitors. The search-engine marketing strategy (SEM), from our point of view, is the smartest promotion thus far by *Jingdong.com*. Basically it means that people will see a link to *Jingdong.com* at the top of the page at Baidu.com (a Chinese version of Google) when they search for key words such as "most popular book of the month." This strategy helps *Jingdong.com* to better expose its brand image to the general public.

China's e-commerce pioneer Dangdang spends large sums to expand its product offerings, enlarge its scope of coverage, and achieve greater commercial success. With growing revenue, Dangdang has the ability to improve its selection continuously and offer an even better shopping experience. However, the fierce competition within the book industry and the commoditization of the book inventory present quite a challenge to rivals seeking to outperform one another. Currently, Dangdang is actively

¹³China Daily, January 14, 2011.

focusing on a new dimension: electronic book sales at *e.dangdang.com*. In China's market, there is a great chance to achieve success by trying a new product category, though there is also a high risk of failure because of the multiple barriers, including widespread digital piracy, lack of new e-book selection, and customer confusion about the best digital reading platforms. The competitor *Jingdong.com* has a good command of marketing as well; its strategies for entering the new market present a serious challenge to the industry competition. The company also is concentrating mainly on book pricing and customer service.

There are many marketing strategies that both companies might consider for further exploration in terms of expansion and achievement of more sustainable growth:

Faster adoption of popular book titles, including titles in e-book format, to tune in sooner to changes in customer preferences;

Better ways of working with authors, and creation of exclusive book offerings by proposing a clear compensation model for writers and inviting them to promote their books online in real time via blogs;

Investment of more effort in integrated promotional campaigns, such as TV broadcasts, book shows, public relations events, billboard advertising in business districts, and support for causes, community events, and popular sports games;

Cultivation of distinct corporate brand images, and more attention to marketing ethics in online publishing, copyright protection, and the fight against online piracy;

Promotion of popular book content by sponsoring film and TV productions, computer games, and cartoons based on book plots, and by supporting individual promotional efforts of publishing houses;

Enrichment of digital content for e-book offerings via e-book app development for the popular mobile reading platforms by making them available for sale or by subscription;

Consideration of developing and offering their own e-readers and tablets similar to Barnes and Noble's Nook or Amazon's Kindle to achieve better customer retention and a more satisfying customer experience;

Development of various pricing and sharing models for the Chinese e-book industry with built-in digital piracy prevention technology;

Consideration of development of e-textbooks and e-schoolbags as the next steps in digital market expansion strategy in China.

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